



TESTIMONY BY:

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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 1, 2022
3:00 PM
State Capitol, Teleconference

S.B. 2825
RELATING TO HARBORS

Senate Committee on Transportation

The Department of Transportation, Harbors Division (DOTH) provides **comments** on S.B. 2825.

The bill proposes the DOTH conduct a comprehensive study to determine and identify resources necessary to expand Kalaeloa Harbor for increased and additional commercial use including off-loading of cargo containers and livestock transportation.

The Harbors Division has conducted a comprehensive study to determine and identify resources necessary to expand Kalaeloa Harbor for increased and additional commercial with the completion of the 2040 Masterplan (2015). The DOTH refers the committee to the attached link. <https://hidot.hawaii.gov/harbors/harbor-users/oahu-master-plans-environmental-documents/>. In addition, the DOTH also completed the Kalaeloa Fuel Pier Plan (2016). Market demands lead to a private transaction in the sale and purchase of maritime assets that resulted in the relocation of maritime operations from Honolulu Harbor (Pier 29) to Kalaeloa Barbers Point Harbor. Development plans to expand the use of Kalaeloa Barbers Point Harbor was underway with an estimated cost to construction Piers 8, 9, and 10 and lease lots at over \$500 million – then COVID-19 impacted revenues. With priority to complete the Kapalama Container Terminal and award a \$375 million contract for Phase II, the DOTH refinance over \$200 million in revenue bonds and also allocated its cash to fund and complete Phase II of KCT.

In addition, the DOTH is pursuing the land acquisition to expand Kalaeloa Barbers Point Harbor. Discussions are on-going regarding the construction of a bridge over the area-wide drain system to provide the sewer line and water line connections.

The DOTH is open to receive livestock at Kalaeloa Barbers Point Harbor and awaiting a shipper willing to assume the business risk to operate.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON TRANSPORTATION
ON
SENATE BILL NO. 2825

February 1, 2022
3:00 p.m.
Via Videoconference

RELATING TO HARBORS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2825 requires the Department of Transportation to conduct a comprehensive study examining increased commercial activity at Kalaeloa Harbor to support the offloading of additional cargo containers and livestock transportation. The bill also appropriates an unspecified amount of general funds in FY 23.

B&F notes that the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



COMMITTEE ON TRANSPORTATION
Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair

SB2825
RELATING TO HARBORS

Monday, February 1, 2022, 3:00 PM
VIA VIDEOCONFERENCE

Chair Lee, Vice Chair Inouye, and Members of the Committee,

The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

The Hawaii Cattlemen's Council **offers comments on SB2987** to require the Department of Transportation Harbors Division to conduct a comprehensive study examining increased commercial activity at Kalaeloa Harbor to support the offloading of additional cargo containers and livestock transportation.

Examining alternative options for the transportation of livestock and goods is an important step to be proactive and prepared for the future. We are supportive of efforts to decrease traffic levels and provide better options for the movement of livestock and goods. The State's largest meat processing facility is located near Kalaeloa harbor and we support increasing operations at Kalaeloa harbor to offload cargo and livestock IF IT RESULTS in reduced transportation costs and increased animal welfare which are then passed down and shared with cattle producers. As this requires appropriations for the study, it would be beneficial to examine the stance the Department of Transportation Harbors Division from the information they currently have on the feasibility of the project.

We appreciate the opportunity to testify on this measure.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director



Testimony of Gary J. North
On Behalf of the Hawaii Harbor Users Group
Opposition to SB2825
Before the Committee on Transportation
February 1, 2022

Dear Chair Lee, Vice Chair Inouye, and Members of the Committee:

The Hawaii Harbor Users Group (HHUG) is a non-profit maritime transportation industry group comprised of key commercial harbor users. HHUG respectfully opposes SB2825 as moving the State's interisland maritime operations from Honolulu Harbor to Kalaeloa Harbor would significantly increase costs and disrupt the movement of commerce by:

- Causing major delays in the movement of Neighbor Island cargo;
- Adding hundreds, if not over a thousand, containers to the freeway traffic every week, further congesting roads on Oahu;
- Increasing trucking costs by millions of dollars;
- Exponentially increasing carbon emissions by these trucks; and
- Adding a significant number of barge calls to a harbor with berths that are already fully subscribed.

This would also likely cost tens of millions of dollars in both land and water side infrastructure improvements to execute this proposed relocation.

Additionally, almost all the State's non-containerized cargo arrives through Kalaeloa Harbor. Taking berth and terminal space away and reassigning it to container transfers would cause delays and increase costs for all industries currently dependent on timely delivery of bulk cargo.

As an island state, Hawaii is very dependent upon our commercial harbors to ensure the continued and unimpeded flow of cargo in and out of our State. It is estimated that over 90 percent Hawaii's imported goods pass through our commercial harbors, including consumer goods, motor vehicles, construction materials, and fuel. Given the critical role of our commercial harbors, it is imperative that the State support dependable and efficient cargo transportation and handling to service our residents and businesses.

Thank you for considering this testimony in opposition.



HAWAII LOGISTIC SERVICES

To: TRS/WAM

From: Jowell Rivera, President, Hawaii Logistic Services/Board Member, Hawaii Transportation Association.

Aloha Sen's. Lee/Inouye/Dela Cruz/Agaran and members of the TRS/WAM Committee's

I am in favor of **SB2825** as it is necessary and pass due to establish a second (larger) harbor that can handle larger cargo ships such as Matson/Pasha and the like.

As noted in the Hawaii Statewide Freight Plan, **"The health of Hawaii's economy depends on the reliable and efficient movement of freight. Hawaii's freight network is a major component of the state's economic success: Freight supports jobs in freight-dependent businesses such as tourism and retail trade. Approximately one-third of Hawaii's economic output is directly dependent on freight—primarily the accommodation and food service sector, retail trade, and construction. These freight dependent sectors of the economy employ nearly 350,000 people, representing 38 percent of the total employment in Hawaii"**.

There are many items to address with this plan such as:

- Poor pavement conditions.
- Needed geometric improvements (for example, interchange off and on-ramps and weaving near interchanges).
- Development or proposal of policies that overlook freight needs.
- Limited operating hours of shipping operators.
- Lack of alternative routes.
- Inadequate loading zones.
- Shoreline erosion.
- Rapid growth.
- Lack of funding for improvements.

As a businessperson who works within the freight transportation industry, it is critical that we allow (and quickly) for a much larger harbor on the West Side of Oahu. As you know, there are two harbors on the Big Island that serves that community with much less of a population. Allowing this expansion would benefit all of Oahu in many ways.

Respectfully,

Jowell Rivera



President
Hawaii Logistic Services

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LATE



HAWAII MEATS

Bobby Farias
President
Hawaii Meats LLC
91-319 Olai Street
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COMMITTEE ON TRANSPORTATION
Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair

RE: SB2825

Tuesday, February 1, 2022, 3:00pm
Via Videoconference

Aloha e Chair Lee, Vice Chair Inouye, and Members of the Committee:

My name is Bobby Farias, rancher and part owner of Hawaii Meats on Oahu, and I support SB2825. As Hawaii emerges from the pandemic and recent economic setbacks, we need to upgrade our infrastructure and some of our current systems. This measure would study the opportunities at Kalaeloa Harbor. For example, if livestock can be brought to Kalaeloa instead of Honolulu Harbor the stress on animals will be minimized and enhance our business opportunity.

Thank you for your consideration.

Respectfully,

Bobby Farias

February 1, 2022

Committee on Transportation
Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair

LATE



Working together for Kapolei

Tuesday, February 1, 2022, 3:00 p.m.
Via Videoconference

RE: SB 2825 Relating to Harbors

Dear Chair Lee, Vice Chair Inouye and members of the Committee

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. We are a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce **strongly supports SB 2825** which would require the DOT to conduct a comprehensive study to increase commercial activity and offloading of cargo and livestock at the Kalaeloa Harbor. West O`ahu is the hub of growth and economic development for the state because it is home to the Second City, Kapolei. Kapolei is one of the fastest growing regions in the state but there are transportation challenges due to its geographic location. It makes sense to modernize the Kalaeloa Harbor in order to provide much needed infrastructure support for the region. Increased activity at Kalaeloa Harbor could catalyze new film and digital media production and lower construction costs for technology and health care projects on the West Side. Hawai'i's unique geography between Asia and North America makes it an optimal location for the world's leaders in film, technology and health care to meet, collaborate and invest.

West O`ahu provides an optimal location for these facilities and is perfectly positioned to support the efforts. A modernized harbor could be a key component to the region's continued success. The proximity of the newly constructed and dynamic Academy of Creative Media, Kalaeloa Airport, Barber's Point Harbor, local agriculture and farms, impressive coastlines, private and public buildings, and unique offerings like Ko Olina Resort, make West O`ahu a convenient and dynamic location for film production, technology incubators, and innovative workspaces.

Thank you for this opportunity to provide testimony.

Best,

A handwritten signature in black ink that reads "K Polk".

Kiran Polk
Executive Director